



# Transatlantic Tax Tensions – Will Europe let Trump rewrite Global Tax Rules?

Transforming tax.  
Redefining connections.

2025 US Cross-Border Tax Summit





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# With you today...

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# Agenda

**Introduction and Opening Remarks**

**US Overview – Trump Administration Approach and Latest Developments**

**EU Reactions and Responses**

**UK Developments and Considerations**

**Swiss Reactions and Responses**

**Future EU developments**

**Q&A**



01

# U.S. Perspective on Global Tax Reform



# Select U.S. Executive Orders



## America First Trade Policy (Jan. 20, 2025)

- Directs reporting on various trade measures
- Directs Treasury to investigate § 891 discriminatory or extraterritorial taxes



## OECD Global Tax Deal (Jan. 20, 2025)

**Rejects U.S. commitments related to the “OECD Global Tax Deal” unless enacted by Congress**

### **Directs Treasury/USTR:**

- To investigate whether foreign countries are not in compliance with any US tax treaty, impose extraterritorial taxes disproportionately impacting US companies
- To deliver findings and recommended protective actions within 60 days (March 21--report not expected to be made public)



## Memorandum on Reciprocal Trade and Tariffs (Feb. 13, 2025)

- Calls for investigation following specified agency reports into non-reciprocal trade arrangements
- Includes in its scope non-tariff barriers to trade and “unfair, discriminatory, or extraterritorial taxes,” including value-added taxes



## Defending American Companies and Innovators From Overseas Extortion and Unfair Fines and Penalties (Feb. 21, 2025)

- USTR directed to investigate DSTs in Canada, Spain, France, Austria, Italy, UK & Turkey
- Treasury Sec. to determine if §891 actionable, include findings in March 21 report

# Possible Retaliatory Measures



## IRC § 891

- Gives the president the authority to double the tax rates of citizens and corporations of a foreign country if the President finds that the foreign country is subjecting US citizens or corporations to discriminatory or extraterritorial taxes.



## Legislative Proposal – Defending American Jobs and Investment Act

- Would impose an additional 5% tax rate each year for 4 years (up to 20%), on the U.S. income of individuals and entities located in foreign jurisdictions that impose a discriminatory or extraterritorial tax, such as a UTPR or DST.



## Legislative Proposal – Unfair Tax Prevention Act

- Would increase the BEAT applicable to certain foreign-controlled entities connected with entities operating in jurisdictions with extraterritorial taxes (including UTPR) aimed at U.S. business operations.



02

# EU Reactions



# EU reaction to US announcements and actions



## EU response – BEPS

- EU Remains committed to implementing Pillar Two and will continue to pursue the project diligently
- Record timeline for DAC9 adoption
- Will seek OECD solution to US concerns
- Future of EU-wide DST uncertain; several national DSTs apply/planned



## EU response – tariffs

- EU attitude geared towards cooperation, however will not sit idle: if attacked, will strike back harder
- April 9 agreement on step-by-step introduction of tariffs put on hold for 90 days
- All response options being considered
- EU Anti-Coercion Instrument (ACI) – response measures as last resort:
  - border: tariffs, import/export quotas, restrictions on transit
  - restrictions on public procurement and foreign direct investment,
  - restrictions on protection of intellectual property rights, and
  - restrictions on access of banking and insurance group to financial services activities and EU capital markets.



03

# UK Reactions



# UK Developments

Commitment to Inbound Investment – tax regime aims to facilitate

- U.K. corporation tax remains at 25%, effectively lowest in G7
- 5-year corporate tax roadmap
- Attractive holding/platform company regimes
- Increased simplification and clearance certainty mechanisms

- Pillar Two – IIR and DMT applied since December 31, 2023.
- UTPR applied from December 31, 2024



- Joint most generous NPV tax depreciation system in the OECD
- Expansive 20% Research and Development Expenditure credit regime (QRTC)
- Patent Box with effective 10% rate
- New TP documentation requirements: Master File and U.K. Local File now required for CbCR groups with U.K. operations
- Guidance published focusing on the role of senior decision-makers in risk management
- Guidance on TP compliance

# What US MNCs with UK Operations should be considering

## Immediate impact and mitigation measures



Financial impact  
of potential  
changes



Short term  
optimisation  
opportunities



BEPS impact  
and compliance  
planning

- Model the financial impact of various expected change scenarios (BEAT, interest limitations, access to tax credits etc.)
- What are the short-term mitigation strategies and optimization opportunities?
- How does this impact planning and compliance relate to BEPS and international DSTs?

## Medium to long term risks and opportunities



IP strategy/BEPS  
profile



Manufacturing  
footprint and  
wider location  
planning



Wider operating  
model and value  
chain planning

- Should I revise my IP strategy and transaction flows to help manage my BEAT exposure?
- What opportunities are available from potential BEPS policy changes to accommodate the US policy stance?
- How do I manage my manufacturing footprint and future location planning?
- Is my operating model still fit for purpose? What are the risks and opportunities for value creation?



04

# Swiss Reactions



# Switzerland – latest developments



## Status of Pillar Two legislation in Switzerland

- QDMTT
- IIR
- UTPR – deferred
- Interpretation and administration considerations



## Possible exposure to US retaliatory measures

- No UTPR / No DST – no problems??
- Any tax regimes that could potentially be viewed as extraterritorial in nature

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# OECD Jan 2025 AG – impact to Swiss Incentives?

## Scenarios for an extension of MR 9.1.2 limitation

### Scenario 1

Non-Independent  
Tax Benefit



- DTA arising from a **government arrangement** concluded after 11/30/2021
- DTA capped at 20% over a two-year Grace Period (2024 and 2025 for calendar year-end)

### Scenario 2

Retroactive Election



- DTA arising from an **election or choice** exercised (or changed) after 11/30/2021, that retroactively changes the tax treatment of a transaction
- DTA capped at 20% over a two-year Grace Period (2024 and 2025 for calendar year-end)

### Scenario 3

No Preexisting CIT



- DTA arising from **tax step-up in basis of assets** pursuant to a new CIT regime enacted by a jurisdiction after 11/30/2021 and before the Transition Year.
- DTA capped at 20% over a two-year Grace Period (2025 and 2026 for calendar year-end)

# Switzerland – Overview of Incentives



## Status of Swiss tax incentive regimes

- Immigration step up
- R&D
- Patent Box
- Tax Holidays



## Swiss Incentives in a Pillar Two context



05

# Future EU policy



# Tax decluttering and simplification agenda



## Review of EU tax legislation

### Based on four principles:

- Reducing reporting and compliance burdens on taxpayers and tax administrations;
- Eliminating outdated and overlapping tax rules;
- Increasing the clarity of tax legislation; and
- Streamlining the application of tax rules, procedures, and reporting requirements.

EC to ensure that these are also applied in the development of any future legislative proposals.



**Goal to improve the EU's competitiveness by simplifying tax legislation whilst preserving achievement in terms of combating tax fraud, evasion and avoidance.**



## Review focus

### First step:

- DAC (including mandatory disclosure rules): review conclusions expected early 2025
- ATAD: finalization of review scheduled for Q4 2025

### Second step:

- Review of the complete EU taxation acquis, including indirect taxation.



## Timeline

EC to present tax simplification work plan in Q3 2025

EC Omnibus tax proposal – early 2026?

Upcoming Council Presidencies to add this on their agenda (DK, CY, IE)





# EU direct tax policy at a glance



## Implemented

- DAC7 – platform operators
- DAC8 – reporting of crypto assets
- EU Foreign Subsidies Regulation
- Windfall profits taxes
- EU Minimum Tax Directive
- EU Public CBCR



## Adopted

(implementation pending)

- FASTER
- DAC9 – Pillar Two information exchange



## Under discussion

- Unshell
- BEFIT
- DEBRA
- Transfer Pricing Directive



## Proposals pending

- SAFE
- ETR disclosure



## Ongoing

- EU List of non-cooperative jurisdictions
- CJEU case law
- Member States: incentives



# 04 Q&A





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